

SECRET

25X1

**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

National Intelligence Council

DDI 288-82  
13 January 1982

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council

FROM: Charles E. Waterman  
National Intelligence Officer for NESA

SUBJECT: Prospects for 1982 in the Near East and South Asia

I. Several unresolved considerations of a general nature will continue to plague debate on the Middle East next year:

- American association with Israeli actions regarding Palestine and related issues will continue to evoke a negative reaction towards us from all Arab states. Will the combined effect of these reactions be of sufficient importance to require a meaningful attempt to pressure Israel to change fundamental policies, or can they be ignored?
- What are realistic goals for the projection of American power in the Persian Gulf, what steps might be taken to enhance our capabilities there, and would strategic collaboration with Israel impede or assist these goals?
- Is it desirable and feasible to pursue a fulsome parallel relationship with Saudi Arabia in a manner which does not impinge on our Israeli connection and, if not, which relationship should suffer?
- Are displays of US force and hostility towards relatively minor but troublesome states such as Libya useful or counterproductive?
- Are destabilizing activities by area states associated with the Soviet Union, such as South Yemen and Syria, primarily self-generated or instigated by the Soviets?

SECRET

SECRET

25X1

2

II. The following are country by country prospects for the following year:

Israel: The present government is intent on establishing Israeli sovereignty in some variant over the West Bank and Gaza, in order to complement its assumption of sovereignty over Jerusalem and the Golan Heights. In the process, they intend to attempt elimination of the Palestine Liberation Organization in both the military and political sense. Both of these strategies run counter to current US policy in the area, and the manifestations of them will create continual problems for us over the next year with moderate Arabs.

25X1

[REDACTED]

25X1

25X1

25X1

[REDACTED] The withdrawal from Sinai will probably occur on time, although autonomy talks with Egypt on Palestine will likely not be consummated. Longer-term trends, such as rampant inflation and significant emigration of educated segments of the populace, will continue.

Lebanon: Civil strife in Lebanon is now entering its seventh year, with the involvement of external players -- particularly Israelis, Palestinians, and Syrians -- ensuring its continuance. The basic trend in Lebanon is towards decentralized, semi-autonomous, homogenous units -- perhaps reflected at some time in a constitutional change which would institutionalize a relatively weak confederation. The major Christian area is now establishing its own regular army in addition to already existing militia, for instance. Some of the decentralized units will continue to have "special" relations with foreign powers under such an arrangement. A noteworthy trend opposing this decentralizing process is a perceptible change in Israeli thinking, however, which now seems to envisage an Israeli-supported Christian reassumption of power over all Lebanon, with a resultant recognition of Israel by the new Phalange-dominated leadership.

Egypt: The Mubarak regime has consolidated its control over the country in an effective manner, particularly in its dealings with the large fundamentalist opposition. The prospect is for continued stability, regaining of the Sinai from Israel in April, and a gradual warming of relations with the Arab world consistent with the retention of formal -- but cool -- ties with Israel. Longer-term economic indicators are not positive, but in the near term do not portend uncontrollable problems.

Arabian Peninsula: With the exception of continued leftist agitation in the Yemen Arab Republic, the prospects for stability in this area remain good over the next year. There remains no detectable organized opposition to the Saudi regime. Should Iran predominate in its conflict

SECRET

with Iraq, as current trends indicate, the prospect of renewed political agitation in the Shia areas of the Persian Gulf will be high. The end game of the Iran-Iraq war might also lead to further attacks on oil-related targets in both countries and possibly on the Arab side of the Gulf.

Libya: An apparent recent assassination attempt on Qadhafi highlights his vulnerability to an unpredictable act of this nature. Despite some tentative indications that Qadhafi has received and taken to heart US anti-terrorist pressure, it is likely he will continue to use this weapon from time to time as an instrument of foreign policy. Destabilization of Sudan, Egypt, Tunisia, Chad, and Niger also remain as policy objectives. Libya's withdrawal from most of Chad, the consummation of the Tripartite Treaty, and recent reductions in petroleum prices may strengthen Qadhafi's hand somewhat on the internal scene. If tension with the US continues, progressively closer ties with the Soviet Union will occur. In sum, more of the same with tactical variations can be expected.

Morocco: The extraordinary demands of the Saharan war, basic economic problems, and the existence of urban student discontent simmer beneath the surface in Morocco. No specific solution to these problems is in sight, unless some breakthrough in the negotiating front with Algeria over the war occurs.

Iran: The clerical regime has significantly consolidated its control during the past six months, and appears to have broken the main strength of the principal opposition group, the leftist Mujahedin. The Iranian military has also seized the momentum in the war with Iraq, with a resultant significant enhancement of the standing and power of the Revolutionary Guards. While the strengthening of the regime may serve to fill the vacuum somewhat, there appears to be increasingly frequent collaboration between the Soviets and the Islamic Republican Party -- particularly in arms procurement and probably security matters. What we may be contending with in a year's time is not a power vacuum, as we had feared, but a strengthened fundamentalist central regime with increasingly closer Soviet ties. Khomeini's death, of course, would complicate this equation in as yet unpredictable ways.

Iraq: Although an aura of normality prevails inside Iraq, the regime has lost the momentum in the war with Iran. Unless this trend is reversed, or a negotiated settlement reached, a move against Saddam Husayn is a distinct possibility during the upcoming year. This could adversely affect a slowly growing Westward-leaning trend in the country.

Pakistan-India: Pakistan will probably continue to develop a nuclear capability during the coming year, but not detonate an explosion as long as the US arms package is being consummated. This will probably not lead India to undertake a preemptive attack on Pakistan or its nuclear facilities [redacted] but will serve to maintain a

SECRET

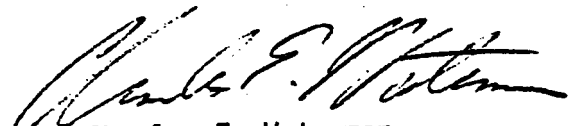
SECRET

25X

4

relatively high degree of tension between the two countries. A danger of Soviet-instigated subversion of Pakistani Baluch exists, but indications of such activity thus far are meager.

Afghanistan: The Soviet situation in Afghanistan has not improved during the past year, and the hold of the Babrak government is perhaps more tenuous than at its inception. There has been a recent moderate increase in the number of Soviet troops, and more could occur during the next year. There also appears to be a trend toward increasing numbers of border incidents with Pakistan, and this trend may well intensify. Without a significantly larger troop commitment, or unanticipated cessation of external support, the insurrection will be continuing unabated as of the end of next year. A key question is whether the continuing Soviet imbroglio serves our interests, or does it merely perpetuate and institutionalize Soviet control over the long run. In the latter case, a case could be made for intensifying the search for a political solution while bargaining power of the Islamic group remains high. On balance, the time for such an attempt does not seem to have arrived.



Charles E. Waterman

25X1

SECRET